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ASD(MRA&L)

Department of Defense Directive

SUBJECT DoD Productivity Program

References: (a) through (j), see enclosure 1

A. REISSUANCE AND PURPOSE

This Directive reissues DoD Directive 5010.31 (reference (a)), and updates established DoD policy for continuing the DoD Productivity Program.

B. APPLICABILITY AND SCOPE

1. The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, and the Defense Agencies (hereafter referred to as "DoD Components").

2. The provisions of the DoD Productivity Program apply to support functions in all organizations and units (excludes Government-owned, contractor operated facilities), both fixed site and deployable, in the force structure. Exemptions to full implementation of these provisions will be considered on an individual basis.

C. DEFINITIONS

Terms as used in this Directive are defined in enclosure 2.

D. POLICY

1. The DoD Productivity Program will focus management attention on achieving maximum Defense outputs within available resource levels by systematically seeking out and exploiting opportunities for improved methods of operation, in consonance with the Defense Preparedness mission.

2. Productivity measurement, enhancement, and evaluation will be an integral element of resource management; that is, planning, programing, budgeting, accounting and reporting systems.

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3. The DoD Productivity Program is a labor oriented program. Therefore, the primary basis for productivity assessment will be labor productivity measurement. Labor productivity measurement is a subset of total factor productivity or unit cost measurement. Where adequate cost information is available, total factor or unit cost measures may be used in addition to labor based productivity measures.

4. Productivity enhancement will focus on labor cost savings as well as reduction in unit cost of operations. The savings should be reutilized at the lowest organizational level practical to provide an incentive for management.

5. Labor resource decisions in the programing and budgeting processes will be based on productivity statistics where available. Where specific functional statistics are not available, broad Service level statistics should be considered.

6. The DoD Productivity Program will include:

a. Establishment of productivity goals as an integral part of Defense planning, programing and budgeting, and allocation of adequate resources to reasonably assure goal attainment.

b. A planned approach to productivity enhancement which will encompass:

(1) Continuing analysis, performance appraisal, and improvement of all operating methods and systems.

(2) Effective use of work measurement and statistical techniques to determine workforce efficiency; to develop a data base for use in operating and resource management systems consistent with DoD Directive 5000.19 (reference (b)) and to provide a basis for planning and programing resource requirements.

(3) A comprehensive program to identify opportunities for and provide timely funding of productivity enhancing capital investments as part of overall capital investment planning and financing.

(4) Analysis and evaluation of productivity improvement alternatives in accordance with DoD Instruction 7041.3 (reference (c)).

(5) An aggressive and cohesive program of research and management efforts to improve workforce motivation and the quality of working life.

E. RESPONSIBILITIES

1. The Under Secretaries and the Assistant Secretaries of Defense, the Secretaries of the Military Departments, the Chairman of the Joint Chiefs of Staff, the Directors of Defense Agencies, and the Director,

Washington Headquarters Services, are responsible for:

- a. Ensuring that the policies set forth in this Directive are effectively implemented in their respective areas of responsibility.
- b. Ensuring that productivity measurement, enhancement, evaluation, and reporting are incorporated as an integral element of all resource management planning, programing and budgeting systems under their cognizance in accordance with OMB Circulars A-11 and A-44 (references (d) and (e)).

2. In addition to the responsibilities outlined above, the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) is assigned overall responsibility for the DoD Productivity Program. In carrying out this responsibility, the ASD(MRA&L) shall:

- a. Provide program policy guidance.
- b. Issue appropriate DoD instructions and guidance.
- c. Designate a DoD Productivity Principal who will be responsible for:
 - (1) Providing overall program technical guidance.
 - (2) Monitoring and coordinating internal DoD productivity efforts.
 - (3) Analyzing productivity data, compiling DoD productivity reports, and providing data as required for other elements of the Federal Government.
 - (4) Providing curriculum guidance on all training related to the productivity program.
 - (5) Representing the Department of Defense on productivity in dealings with other Federal Agencies under the responsibilities assigned in OMB memoranda and Executive Order 12089 (references (f) through (h)).

3. In addition to the responsibilities outlined in 1., above, the Assistant Secretary of Defense (Comptroller) shall ensure that productivity efforts are integrated in DoD resource management systems as prescribed in DoD Directive 7000.1 (reference (i)) by:

- a. Issuing policy guidance on the identification and use of productivity data, including capital investment plans, in development and support of annual budget estimates and the Five Year Defense Program (FYDP).

b. Ensuring that the DoD management information and accounting systems contain provisions for accumulating productivity data.

c. Maintaining economic analysis policy guidance in accordance with DoD Instruction 7041.3 (reference (c)).

4. In carrying out the responsibilities outlined in 1., above, the Secretaries of the Military Departments, the Directors of Defense Agencies, and the Director, Washington Headquarters Services, shall:

a. Ensure that a Department/Agency Productivity Program is established and sustained in accordance with the policies and guidelines contained in this Directive.

b. Designate a productivity principal who will be responsible for planning and coordinating a cohesive productivity program as outlined in D.6. and representing the Department/Agency on all productivity matters.

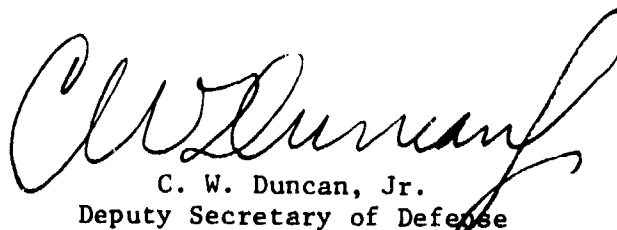
c. Provide adequate resources including a trained staff of personnel to sustain a viable DoD Productivity Program.

5. In addition to the responsibilities outlined in 1. and 4., above, the Secretary of the Army shall provide and finance DoD training in support of the DoD Productivity Program in accordance with the provisions of DoD Directive 5010.16 (reference (j)).

6. In addition to the responsibilities outlined in 1. and 4., above, the Director, Defense Logistics Agency, shall provide staffing and administrative support to the DoD Productivity Program Office.

F. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward one copy of implementing documents to the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) within 120 days.


C. W. Duncan, Jr.
Deputy Secretary of Defense

Enclosures - 2

1. References
2. Definitions

REFERENCES

- (a) DoD Directive 5010.31, "Productivity Enhancement, Measurement, and Evaluation - Policies and Responsibilities," August 4, 1975 (hereby canceled)
- (b) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976
- (c) DoD Instruction 7041.3, "Economic Analysis and Program Evaluation for Resource Management," October 18, 1972
- (d) Office of Management and Budget Circular A-11, "Preparation and Submission of Budget Estimates," May 25, 1978
- (e) Office of Management and Budget Circular A-44, "Establishment of a Management Improvement Program," May 24, 1972
- (f) Office of Management and Budget Memorandum, "Productivity Management Program," July 9, 1973
- (g) Office of Management and Budget Memorandum, "Productivity Management Program," July 13, 1976
- (h) Executive Order 12089, "National Productivity Council," October 23, 1978 (43 F.R. 49773 (1978))
- (i) DoD Directive 7000.1, "Resource Management Systems of the Department of Defense," August 22, 1966
- (j) DoD Directive 5010.16, "Defense Management Education and Training Program," July 28, 1972

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DEFINITIONS

- A. Productivity. The ratio of goods produced or services rendered (output) to resources expended (input).
- B. Productivity Enhancement. Increasing the ratio of goods produced or services rendered (outputs) to resources expended (inputs). (Synonym: Productivity Improvement).
- C. Productivity Evaluation. An assessment of productivity changes in relation to established goals, objectives and resources expended.
- D. Productivity Measurement. The determination and comparison of the change of output-input relationships for two or more periods of time.
1. Total Factor Productivity. Productivity measurement considering all resources used to produce a defined output.
 2. Labor Productivity. A factor of productivity measurement based on a quantification of the labor input; i.e., workyears, workdays, work-hours, workpower costs, etc. This measure will be the primary basis for assessment in the DoD Productivity Program.
 3. Capital Equipment Productivity. A factor of productivity measurement based on the value of capital equipment investment to defined output(s).
 4. Real Property Productivity. A factor of productivity measurement based on the real property used to produce a defined output. Real property may be expressed as the dollar value of real property or in some other expression of property characteristics.
- E. Measurable Area. A function or homogenous work activity or group that can be described by a specific output and for which a relationship between input and output may be developed that will reflect the results of changes in efficiency, quality or scope of work.
- F. Workload Measurement. The identification and quantification of the amount of work imposed upon, or assumed by, a person or organization at a fixed point in time.
- G. Factor Price. The monetary value of individual productivity factors (e.g., labor, capital equipment, real property or materials) expressed as an aggregate of all costs incurred for the particular factor.
- H. Resource Utilization. The application of resources (personnel, money, materials, and services) to perform missions, functions, and responsibilities.